

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

DECLARATION OF MAILING

I declare under penalty of perjury
under the laws of the State of
Washington that on the date listed
below I mailed or caused delivery
of a true copy of this document to

BLIS INS. CO., Richards, Schindler
DATED this 31st day of January, 2007. Creative Solutions
at Olympia, Washington.

Signed: Jodie Thompson

In the Matter of

BLIS Insurance Company; Creative Solutions, SPC

Unauthorized Entities, and

Arthur G. Richards and Reginald G. Schindler

Principals

No. D 06-376

ORDER TO
CEASE AND
DESIST

Pursuant to RCW 48.02.080, RCW 48.05.030, RCW 48.15.020, and RCW 48.15.023, the Office of the Insurance Commissioner ("OIC") orders the entities and the individuals named above and their officers, directors, trustees, agents, employees and affiliates ("Respondents") to immediately cease and desist from:

- A. transacting insurance in the State of Washington in violation of the Washington Insurance Code;
- B. transacting insurance affording coverage of Washington State residents and/or Washington-located risks issued by an entity which does not have a valid and current certificate of authority or registration from OIC;
- C. engaging in or transacting the unauthorized business of insurance in the State of Washington, including the collection or attempted collection of premium monies and the advertising of insurance and insurance-related products;
- D. soliciting Washington residents to sell and/or purchase any plan or policy affording unauthorized coverage for malpractice, errors and omissions, liability, or any other form of insurance;
- E. soliciting Washington residents, persons practicing health care in Washington, and/or Washington facilities, to sell and/or purchase any form of insurance which is not issued by an entity with a valid and current certificate of authority or registration from OIC;
- F. soliciting Washington residents by e-mail, facsimile (fax), telephone, mail or any other means to induce them to sell and/or purchase any form of insurance product which is not issued by an entity with a valid and current certificate of authority or registration from OIC;

- G. offering to Washington residents a plan or policy of coverage for any form of insurance without first submitting to examination by the insurance commissioner to determine the organization and solvency of the person or the entity offering such insurance, and to determine whether or not such person or entity complies with the applicable provisions of the Insurance Code.

THIS ORDER IS BASED ON THE FOLLOWING:

1. Violation of RCW 48.05.030, Certificate of authority required and RCW 48.15.020, Solicitation by unauthorized insurer prohibited

a.) Commencing on or about July, 2006, and continuing to the present time, Respondents solicited Washington residents, physicians and/or medical facilities to purchase and/or sell plans and policies affording insurance coverage for complications of bariatric surgery. Shortly thereafter, Respondents issued an insurance policy or policies to a Washington resident or Washington residents. Although both principals are registered non-resident agents in Washington, Respondents have not applied for or been granted, a certificate of authority or license to act as an insurer in Washington. Respondents have not submitted to OIC any appropriate certificate, license, or other document issued by another agency of this state, any subdivision thereof, or the federal government, permitting or qualifying Respondents to provide such coverage in this state. Respondents have also not registered with the OIC as risk retention or risk purchasing agents, nor have they transacted this insurance through a licensed surplus lines broker in this state.

b.) On or about July 20th, 2006, Respondents solicited a physician licensed by and practicing and residing in Washington to purchase a plan or policy of medical liability and/or health coverage insurance and submitted a written quotation for such policy. Respondents and this physician entered into a contract which purports to insure the physician and the facility at which the surgical procedures occur (which is also required to sign a contract with the Respondent company). The contract calls for the provider to sell Respondents' plans or policies of insurance covering certain surgical complications to each of his patients who is scheduled to undergo one of four selected surgical procedures.

REQUIREMENTS

1. Respondents are ordered to furnish the Office of the Insurance Commissioner, within thirty (30) days of receipt of this order, with a complete listing, to include full contact information, of all Washington residents, persons practicing health care in Washington, and/or Washington facilities, who or which have been solicited to purchase or have purchased any insurance or insurance-related product from Respondents.
2. Respondents are further ordered to notify all Washington residents, persons practicing health care in Washington, and/or Washington facilities, who or which have purchased any insurance or insurance-related product from Respondents, of the complete content of this order within ten (10) days of receipt of the order and are to continue to pay all covered claims. Respondents are to instruct all health care providers to cease immediately any sales of BLIS products to patients. Respondents shall continue to be personally liable for all

covered claims. Pursuant to RCW 48.15.020 (2) (b), each unauthorized insurer and each individual who made a contract of insurance in this state, directly or indirectly, shall remain individually liable for the performance of the contract and for the full amount of any loss sustained by an insured under such contract.

3. Respondents are ordered to pay immediately all outstanding Washington State premium taxes, including penalties and interest due, pursuant to RCW 48.14.095, RCW 48.14.020, and RCW 48.14.060.

4. In addition to paying all covered claims by insured surgical patients, respondents are ordered to terminate immediately all contracts with health care providers currently in force, to the extent those contracts involve the sale of unauthorized insurance products to patients or others.

Any violation of the terms of this Order by Respondents, their officers, directors, employees, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, 48.17.530, 48.15.020 and other applicable Code sections.

Respondents have the right to demand a hearing pursuant to chapters 48.04 and 34.05 RCW. This Order shall remain in effect subject to the further order of the commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Tumwater, Washington, this 31st day of January, 2007.

MIKE KREIDLER
Insurance Commissioner

By: Andrea L. Philhower
Andrea Philhower, Staff Attorney
Legal Affairs Division
Office of Insurance Commissioner
State of Washington